

Bookham sales up 44%

For optical component, module and subsystem maker Bookham Inc. of San Jose, CA, USA, net revenues for its fiscal Q1/2006 (to end-September 2005) were \$62.6m. This is 3% up on \$61.0m the previous quarter and 44% up on \$43.6m a year ago, driven by an agreement with Nortel in March and growth in non-Nortel business.

Excluding restructuring, impairment, non-cash stock and option compensation, as well as a one-time tax gain, net loss was down to \$8.9m, compared with \$17.8m the previous quarter.

"We remain on track to have most of our assembly and test operations in China by the end of the March quarter", says president and CEO Giorgio Anania. "Revenue attributable to our Chinese manufacturing operations increased to \$19.7m, up from \$12.4m the previous quarter," he adds.

Bookham raised \$27m through the sale of land in the UK and September's acquisition of Creekside from Deutsche Bank. This gave a cash balance of \$43.0m compared with \$32.3m the prior quarter. Also, "Since the end of the first quarter, we have further improved our balance sheet by raising \$50m in a public offering of our common stock", says Bookham's chief financial officer Steve Abely.

"We expect revenue from Nortel will decline over the next three quarters as we reach the end of our last-time buys in the current agreement", says Anania. For fiscal Q2/2006 (to end-December 2005), Bookham expects revenues of \$58-61m. "However, we expect to expand business with our non-Nortel customers and achieve additional improvements in our cost structure through the ongoing move to China", he adds.

HB-LED consolidation won't halt innovation

From 1995 to 2004, the packaged high-brightness LED market grew at a remarkable average annual growth rate of 46% to \$3.7bn in 2004, says Strategies Unlimited in its report *High-Brightness LED Global Supplier Analysis*.

This was supported by growth in HB-LED supply – both the organic growth of existing ('legacy') LED manufacturers and new entrants to the market (mostly in Asia). In 2005, the number of companies supplying HB-LEDs at different levels of the vertical supply chain exceeds 100 worldwide, the report says.

The HB-LED market is still dominated by the largest companies, most of which have existed from at least the mid-1990s. In 2004, over 50% was supplied by just the top five companies, and nearly three-quarters by the top 10 (out of

a total of 48 companies profiled in the report).

Similarly, for 2004's \$890m HB-LED merchant epiwafer and chip market, the top three suppliers accounted for over 50% and the top 11 for over 75% (out of the 30 profiled).

Out of 74 companies analysed, just 12 (16%) are completely vertically integrated, from epiwafer and chip production through to packaging. Of the remainder, 26 (35%) produce epiwafers and/or chips only, while most, 36 (49%), produce packaged HB-LEDs from purchased chips.

In 2005, even as new suppliers enter the market, the number of established competitors is beginning to shrink, especially in Asia. Merchant Taiwanese chip suppliers Epitech and South Epitaxy merged in July 2005, and Epistar and UEC

should complete their merger by year-end. Other mergers and acquisitions are expected. Overall, in 2004 Asia still supplied 76% of the packaged HB-LED market and 57% of the merchant epiwafer and chip market.

According to Robert Steele, Strategies Unlimited's Director of Optoelectronics Programs, "In spite of some industry consolidation, we can expect to see new HB-LED suppliers continue to enter the market, with either new packaging concepts or new device structures based on innovative technologies such as photonic crystals. Although it is more than 10 years old, the HB-LED industry is far from mature, and new companies with new ideas will continue to help propel the industry to new frontiers in both technology and applications."

Web: www.strategies-u.com

High-brightness LED market to reach \$10.8bn by 2010

The combined market for standard high-brightness LEDs (HB-LEDs) and the new ultrahigh-brightness LEDs (UHB-LEDs) will grow from \$5.0bn in 2006 to \$10.8bn in 2010 then \$17.4bn in 2013, according to the report *The Global Market for HB-LEDs* from NanoMarkets and CIR. By 2010 the market for HB-LEDs will enter a new phase.

UHB-LEDs with an output greater than 250 lm are being commercialized, making HB-LEDs a practical solution for many lighting, photographic

and medical applications. In 2010 the UHB-LED market alone will total \$3.6bn.

General illumination will be the fastest-growing application, accounting for much of the \$3.6bn UHB-LED market, plus \$860m in regular HB-LEDs.

Displays and signage represent a natural diversification for HB-LED manufacturers selling into the mobile phone market (due to similar market and technical enablers, such as low power consumption and large area), and will account for about \$2.2bn in HB-LED sales.

However, organic LEDs are a wild card, since OLED displays and signage will not require HB-LED backlighting.

New developments in materials and production technologies will help drive cost points lower and quality higher. Among these are the impact of silicon photonics, thin-film technology, nanotechnology and pure GaN substrates, as well as the evolution of better packaging and fabrication technologies, the report concludes.

www.nanomarkets.net
www.cir-inc.com